



ASX RELEASE

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TORO SECURES FUNDING AND URANIUM ASSETS FROM THE SENTIENT GROUP

HIGHLIGHTS

- Sentient agrees to invest \$10M in Toro under a placement at 8 cents per share
- A further \$10M under a project level funding arrangement is in advanced stage of negotiation
- Toro acquires a number of Canadian-based uranium investments from Sentient for 236.5M new fully paid ordinary shares in Toro - headlined by the acquisition of debt and equities in TSX-listed Strateco Resources Inc.
- Sentient to own approximately 19% of Toro's issued capital
- When finalized the transactions will provide Toro with a cash injection of \$20M providing a strong four year cash base and an opportunity to develop an expanded global uranium project portfolio
- Toro has appointed BBY Australia Pty Ltd as lead broker supported by RealFin Capital Partners (Pty) Ltd and Aetas Global Capital Pte Ltd to undertake a working capital raising to sophisticated investors. Toro also announces a Share Purchase Plan to facilitate participation by retail investors.

Toro Energy Limited (ASX: TOE, "**Toro**") is pleased to announce it has entered into binding financing and asset acquisition agreements (the "**Transactions**") with leading global resources investor, The Sentient Group.

The Transactions deliver a committed \$10M cash injection to Toro and increase Toro's asset base with a strategic entry to the Canadian uranium sector through the acquisition of a significant interest in Strateco Resources Inc ("**Strateco**"). Sentient becomes a new key shareholder in Toro, one of Australia's most advanced uranium project developers and Toro emerges with a strong four year cash base and interests in an expanded global uranium project portfolio. Negotiations for a further \$10M of project level funding are at an advanced stage.

Under the terms of a Subscription and Securities Sale Agreement ("**SSSA**"), Sentient has agreed to subscribe for 125M new fully paid ordinary shares in Toro at 8 cents per share for \$10M and Toro has acquired a 19.8% interest in Strateco, a C\$3M senior secured loan receivable in

Strateco, C\$14.1M of junior secured Convertible Notes in Strateco and certain other interests from Sentient in return for 236.5M new fully paid ordinary shares in Toro ("**Consideration Shares**").

The additional \$10M project level investment being negotiated is in the form of a Unitisation Agreement. Under that agreement when finalized Sentient will invest \$10M into the Wiluna Uranium Project to enhance and optimize the process design, project configuration and operating and capital cost structure for the project. Sentient plans to apply the technical skills of its Enirgi Group, a global resources company with a strong technology development base, as part of Toro's efforts to improve the Wiluna Project.

In return for the funding, Toro will pay to Sentient a Unitisation Fee equal to 2.5% of gross proceeds derived from the Wiluna mine. The key terms of the Unitisation Agreement are agreed in principle, subject to final legal documentation.

"Toro is pleased to have secured Sentient's funding commitment and to have expanded our global uranium portfolio. The Transactions introduce a major new shareholder in Sentient," Managing Director, Dr Vanessa Guthrie, said today. "This should enables us to focus on bringing Wiluna into production into the expected emerging market supply gap and promoting the potential of the Wiluna uranium province, while building an initial global asset base that maximises for our shareholders the upside potential of an improving uranium price."

"We welcome Sentient as a new significant shareholder in Toro, and look forward to working with its management to both improve the Wiluna Project as well as developing our global uranium portfolio aspirations."

The Sentient Group commented: "Sentient is pleased to partner with Toro to shape the Wiluna Uranium Project in the heart of Western Australia's premier undeveloped uranium province. Sentient has a track record in mine and processing technology innovation and assisting corporates through final stages of feasibility and project financing. We look forward to assisting Toro to bring the Wiluna Project through the final stages of its feasibility over the coming years".

Key Transaction Terms

The key terms of the **SSSA** are;

1. Sentient has agreed to subscribe for 125M new fully paid ordinary shares in Toro at 8 cents per share to raise **\$10M** ("**Sentient Subscription**") payable in two tranches:
 - Initial Subscription – 93.75M new fully paid ordinary shares will be issued to Sentient ("**Initial Subscription Shares**") and \$7.5M received by Toro upon FIRB approval;

- Deferred Subscription – 31.25M new fully paid ordinary shares will be issued to Sentient (“**Deferred Subscription Shares**”) and \$2.5M received by Toro upon certain conditions being met (explained below). These conditions are expected to be met during 2015; and
 - A 3% placement fee will be paid to Sentient in shares on both the Initial Subscription and Deferred Subscription.
 - If the issue price under the Placement (refer below) is less than 8 cents per share, Sentient is entitled to receive additional shares in relation to the Sentient Subscription.
 - The Transactions are conditional upon finalisation of legal documentation for the Unitisation Agreement.
2. Toro has acquired the following uranium interests from Sentient (“**Sentient Uranium Interests**”) for the Consideration Shares:
- 19.8% equity interest in Strateco;
 - C\$14.1M of secured Convertible Notes receivable in Strateco;
 - C\$3M senior secured first ranking loan receivable in Strateco;
 - 5,000,000 common shares in Strateco’s private subsidiary, SeqUr Exploration Ltd (SeqUr), representing a 25% direct interest in SeqUr; and
 - 2,000,000 shares in TSX-listed European Uranium Ltd, representing less than 5% of the common shares on issue.

The Consideration Shares will be paid in two tranches:

- 177.4M (“**Initial Consideration Shares**”) upon FIRB approval and the finalisation of legal documentation for the Unitisation Agreement; and
- 59.1M (“**Deferred Consideration Shares**”) upon agreed conditions in relation to the Sentient Uranium Interests being met (or waived by Toro) and any shareholder approval required for issue of the Deferred Consideration Shares and Deferred Subscription Shares.

Transfer of title to the Sentient Uranium Interests has taken place. The SSSA contains other terms and conditions which are usual for a transaction of this type including limited warranties.

Key terms of the proposed **Unitisation Agreement** are:

1. Sentient to invest \$10M in the Wiluna Project for research and development activities focussed on technology, process design and project configuration improvements;
2. Toro pays a 2.5% unitisation fee on gross proceeds derived from the Wiluna Project as consideration for the investment;

3. The agreement can be terminated by either party after three years (or earlier in certain circumstances) and the unitisation fee paid out at the higher of \$10M less amounts paid under the unitisation agreement and the fair market value assessment of the unitisation fee. Toro may elect to satisfy the payout amount in cash or Toro shares.

Refer Appendix 1 for further details of the proposed Unitisation Agreement.

Issue of the Consideration Shares under the SSSA and any potential issue under the proposed Unitisation Agreement are subject to FIRB approval, expected to be received in mid-December 2014. It is expected that completion of the proposed Unitisation Agreement will occur concurrently with the issue of the Consideration Shares and Subscription Shares under the SSSA.

To the extent that any issue of shares under the SSSA and Unitisation Agreement are not capable of being issued under the Company's new share issue capacity under the Listing Rules after completion of the Placement (refer below), the issues are subject to shareholder approval to be obtained prior to the applicable issue date. The Company may rely on its new issue capacity under ASX LR 7.1A to issue shares in relation to the Transactions, but the extent of reliance (if any) is not ascertainable until after the Placement. The Company will update the market and provide any disclosure required by ASX Listing Rule 3.10.5A in due course.

Toro's two largest shareholders - Oz Minerals and Mega Uranium - have advised that they support the Transactions and to the extent that any shareholder approvals are required for its implementation, that they intend to vote in favour of the resolutions.

Toro has agreed to grant Sentient the right to appoint one nominee to the Toro Board for so long as Sentient maintains a minimum interest in Toro of 11%. Mr Michel Marier has been invited to join the Board of Toro. Mr Marier joined Sentient in 2009 as an investment manager. Before joining Sentient, Mr Marier worked for 8 years at the Private Equity division of la Caisse de dépôt et placement du Québec (CDPQ). Mr Marier holds a Master's Degree in Finance from HEC Montreal and is a CFA charter holder. He is currently a Director of Geodynamics, a company listed on the ASX, and Samco Gold, a company listed on the TSX.V exchange.

Placement and Share Purchase Plan

Toro has also appointed BBY to lead / co-manage a placement to sophisticated investors (**Placement**), supported by RealFin Capital Partners Pty Ltd and Aetas Global Capital Pte Ltd brokers. In addition, Toro will offer existing Toro shareholders the opportunity to participate in a Share Purchase Plan on the same pricing terms as the Placement. Toro has a total target raising of \$5M and will accept oversubscriptions.

Use of Funds

The proceeds from the Transactions will be used as follows:

- Resource development and project optimisation work at the advanced high grade and wholly owned Wiluna Uranium Project in WA;
- General corporate and working capital purposes; and
- Maintenance of a strong and highly prospective uranium exploration and project development portfolio in both Canada and Australia.

Pro-forma Capital Structure

The pro-forma capital structure for Toro at completion of the Sentient Transaction, but before the Placement and Share Purchase Plan, is shown below:

	'M
Current fully paid ordinary shares on issue	1,567.8
Sentient Subscription	125.0 ¹
Placement fee	3.7 ¹
Consideration Shares	236.5 ¹
Pro-forma ordinary shares on issue	1,933.0 ¹
	A\$'M
Cash on hand at 30 September 2014	5.0
Sentient Subscription proceeds	10.0 ¹
Unitisation Agreement proceeds	10.0 ²

¹ includes Deferred Subscription and Deferred Consideration Shares

² agreement yet to be finalised

Major shareholders	Interest (%)
Oz Minerals Limited	21.9
Mega Uranium Limited	21.5
Sentient	18.9

The Sentient Group

The Sentient Group is an independent global private equity investment firm specialising in the resources industry. Sentient manages over US\$2.7bn in 10 year closed-end private equity funds for the development of quality metal, mineral and energy assets across the globe.

Sentient's team has deep experience in the natural resources and investment industries and possesses a combination of skills covering geological exploration, commodity analysis, political risk, capital markets, financial restructuring and portfolio management.

Investors in Sentient's funds are institutional investors typically representing university endowment funds, corporate pension funds, family offices and resource industry participants. Sentient has current investments in potash, hard and soft energy metals, precious metals, and bulk commodities. The global spread of investors and commodities complements Sentient's global mandate.

For more information see <http://www.thesentientgroup.com>

Strateco Resources

Strateco Resources ("**Strateco**") is a TSX-listed uranium exploration company with assets in Quebec and Saskatchewan, Canada. It has a portfolio of three mining properties, and 792 claims for a total area of 420 square kilometres. The province of Quebec is considered among the most favourable regions in the world for mine development.

Strateco is focused on developing the Matoush project in northern Quebec which, with the exception of some projects in the Athabasca basin in Saskatchewan, can be considered one of the highest-grade uranium projects in the world. It has invested over C\$125M in the project since 2006.

Strateco's latest NI43-101 compliant resource estimate published on 15 February 2012 for the Matoush Uranium Project states a Total Resource of 2.5Mt at 0.49% for 27 Mlbs U₃O₈, comprising Indicated Resource of 0.4Mt at 0.78% for 7.8 Mlbs U₃O₈, and Inferred Resource of 2.04Mt at 0.43% for 19.2 Mlbs U₃O₈ all calculated at a cutoff of 0.1% U₃O₈. Further information can be found at <http://www.stratecoinc.com/en/the-matoush-project/mineral-resources.php>.

Matoush is currently on care and maintenance as the company endeavours to obtain a provincial certificate of authorization needed to advance the underground exploration and development of the project. In December 2013, Strateco filed a motion with the Quebec Superior Court seeking to invalidate the former Minister for the Ministry of Sustainability,

Environment and Climate Change (now known as "MDDELCC") who refused to issue the certificate of authorization for underground exploration. The motion remains on foot.

Strateco has a C\$3m senior secured first ranking loan with Sentient (**SRI Loan**). The SRI Loan is repayable on or about 24 December 2015 and bears interest at the rate of 10% p.a. Interest may be paid in cash or satisfied by the issue of Strateco shares. Payment of interest has been deferred until the maturity date (24 December 2015). The SRI Loan is secured by first ranking

Strateco has 14,905 junior secured convertible equity notes (**Convertible Notes**) on issue having an aggregate face value of C\$14.9M. The convertible notes mature on 27 February 2016 (subject to extension by the holder). On maturity, the convertible notes are repayable in cash or, subject to any required regulatory approvals, by issue of Strateco shares, at the election of Strateco. In addition, the holder of the Convertible Notes may convert the Convertible Notes into Strateco shares at any time after 31 December 2014, subject to compliance with regulatory and applicable legal requirements. The conversion price is the lower of C\$0.25 and the 20 day VWAP prior to the date of conversion or the maturity date (as the case may be). The Convertible Notes are by second ranking security against the assets of Strateco under the Deed of Hypothec.

Strateco has also created an exploration subsidiary – SeqUr Exploration - of which Sentient owns a direct interest of approximately 25%. The balance of SeqUr's common shares are owned by Strateco and Strateco shareholders have approved their distribution to Strateco shareholders in-specie. Accordingly, Sentient currently owns approximately a 45% total interest in SeqUr. SeqUr's key interests are an option and joint venture earn-in agreement with Denison Mines in four properties at Jasper Lake in the Athabasca Basin, Saskatchewan.

Strateco has an approved shareholder rights plan which effectively prevents a party acquiring control of Strateco without making a takeover or other transaction approved by its shareholders.

More details in relation to Strateco can be obtained from its website at www.stratecoinc.com.

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Toro Energy is a uranium development and exploration stage mining company based in Perth, Western Australia.

Toro's flagship asset is the 100% owned Wiluna Uranium Project, consisting of six calcrete hosted uranium deposits. The project is located 30 kilometres southwest of Wiluna in Central Western Australia. The Centipede and Lake Way deposits have received full government approval for mining providing the Wiluna Project with the opportunity to be Western Australia's first uranium mine.

Toro also owns a highly prospective suite of exploration properties highlighted by Toro's own discovery at the Theseus Project. The Company also owns uranium exploration assets in the Northern Territory and in Namibia, Africa.

Toro is also pursuing growth opportunities through accretive uranium project acquisitions.

www.toroenergy.com.au

APPENDIX 1 – Summary of proposed Unitisation Agreement

Sentient will provide \$10M to Toro to be used for research and development activities in return for a fee of a 2.5% of the gross proceeds from production of uranium on Toro's Wiluna Project tenements.

The Unitisation Agreement when finalised will not be subject to due diligence or any condition other than the issue of the Initial Consideration Shares under the SSSA, expected to occur in December 2014. The \$10M funding will be provided at this time.

A technical committee will be established with representatives from Toro and Sentient to develop and implement the R&D activities using the funds provided. Any intellectual property developed by the technical committee will be shared with Sentient (or its nominee).

The unitisation fee payable is 2.5% of the arms length gross proceeds derived from uranium and co-products mined from the Wiluna Project¹ and is payable on a quarterly basis. Toro has agreed that it will not dispose of or grant further encumbrances over the Wiluna tenements without Sentient's consent (not unreasonably withheld). However, Toro may take certain actions without Sentient's consent including introducing a joint venture partner to facilitate funding of the Wiluna Project, granting security to support debt funding for the Wiluna Project and the company generally, disposal of tenements which are not material to the development of the Wiluna Project and to refinance Toro's existing Macquarie Bank debt.

If Toro disposes of a material interest in the Wiluna Project (whether through joint venture with another party or otherwise) it must give Sentient the right to have a portion of its entitlement to the unitisation fee terminated for consideration ("**Selldown**"). The consideration will be determined by reference to the proportionate reduction in value of the unitisation fee (including the buyback rights) arising from the interests in the Wiluna Project being sold. The parties can appoint an independent valuer. If Sentient does not elect to implement the Selldown, the fee will continue to be calculated as if all production was owned by Toro.

The Unitisation Agreement can be terminated by either party after three years (or earlier in certain circumstances, including a change in control of Toro). Upon termination, the unitisation fee is to be bought back by Toro at the higher of \$10M less amounts paid under the Unitisation Agreement and the independently assessed fair market value of the unitization fee at or around the time of termination. Toro may elect to satisfy the consideration payable on termination in

¹ This includes all current Wiluna tenements held by Toro and any other tenements acquired within an agreed radius from the centre of the Centipede Deposit, but excludes the Yeelirrie Project to the extent it falls within this radius.

cash or Toro Shares. In addition, where a change of control event has occurred, Sentient may elect to receive shares as the consideration for the payment due on termination.

Any issue of shares to satisfy the payment for a Selldown or to meet the consideration payable on termination of the Unitisation Agreement is subject to obtaining all application regulatory consents and approvals. If the approvals are not obtained, Toro will be required to satisfy the consideration by cash payments.